

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION JOINT APPROPRIATIONS SUBCOMMITTEE ON NATURAL RESOURCES AND COMMERCE

Call to Order: By **CHAIRMAN DICK HAINES**, on February 12, 2001 at 8:30 A.M., in Room 317-C Capitol.

ROLL CALL

Members Present:

Rep. Dick Haines, Chairman (R)
Sen. William Crismore, Vice Chairman (R)
Rep. Christine Kaufmann (D)
Sen. Linda Nelson (D)
Sen. Bill Tash (R)
Rep. Joe Tropila (D)

Members Excused: None.

Members Absent: None.

Staff Present: Todd Younkin, Legislative Branch
Amber Sauer, Committee Secretary
Doug Schmitz, OBPP

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: Department of Commerce,
Housing Division, Building
Codes Division and Consumer
Affairs Division
2/12/2001

Executive Action: DOC Housing Division, Building
Codes Division and Consumer
Affairs Division

{Tape : 1; Side : A; Approx. Time Counter : 0}

DEPARTMENT OF COMMERCE

Housing Division

Mr. Bruce Brensdal, Executive Director of the Montana Board of Housing, gave the division overview.

EXHIBIT(jnh35a01), EXHIBIT(jnh35a02), EXHIBIT(jnh35a03), EXHIBIT(jnh35a04), and EXHIBIT(jnh35a05)

The Housing Division does not use any general fund in their budget.

Section 8 housing was explained. The consumer in section 8 housing pays approximately 30% of their income towards rent, while the program pays the difference. Currently in Montana there are 113 projects and 4400 units.

The Board of Housing was formed in 1975. It is made up of a seven-member board. The Board purchases mortgages from the bank. The interest rate on programs ranges from 0%-6%. All mortgages have insurance on them. Currently there is a 2.2% delinquency rate, and a .47% foreclosure rate. The Board of Housing purchases about one of every four mortgages in Montana.

The Reverse Annuity Mortgage Program (RAM) began in 1989. This program is designed to help the senior citizens in Montana who have little or no remaining mortgage debt and could benefit from extra monthly income. The interest rate is currently fixed at 5%. The borrower must be 68 years or older, and must meet specific income requirements. The loan amounts range from \$15,000 to \$70,000, with the maximum being determined by 80% of FHA property value. The loan proceeds are advanced monthly to the borrower on a 10-year term. Repayment is not required until the borrower no longer lives in the home.

Montana receives approximately \$2,000,000 in annual federal tax credits per year. The tax credits can be used over a 10-year period. The tax credits are used to reduce participants' tax liability. The credits can be sold to another entity. The tax credit program can be used for new construction, acquisition with rehabilitation, or rehabilitation. Eligible activities are residential rental buildings available to the general public. Activities that are not eligible include retirement homes, nursing homes, life care, dormitories, or trailer parks.

{Tape : 1; Side : A; Approx. Time Counter : 175}

CHAIRMAN HAINES asked what the driving force is of this program. **Mr. Brensdal** explained that it spurs affordable housing in communities.

{Tape : 1; Side : A; Approx. Time Counter : 205}

SEN. TASH asked if this would pertain to extended living facilities. **Mr. Brensdal** stated it would not.

{Tape : 1; Side : A; Approx. Time Counter : 390}

Mr. Younkin stated DP-2 Section 8 Project-Based Program is a request for an increase in federal special revenue authority tied to the housing division's assumption of HUD based programs.

Mr. Brensdal spoke to DP-2 Section 8 Project-Based Program. He stated the program was initiated last fall. The first disbursement of funds was on February 1, 2001. The division is requesting to reduce the DP by \$6,000,000 each year of 2002 and 2003 since they are better able to estimate the amounts now that they are in operation.

CHAIRMAN HAINES asked if this will be part of the base and what happens if the grant were to get smaller. **Mr. Todd Younkin, LFD**, explained the amount will only be for federal funds.

{Tape : 1; Side : B; Approx. Time Counter : 0}

Motion/Vote: **SEN. NELSON** moved that **DP-2 SECTION 8 PROJECT-BASED PROGRAM WITH \$6,000,000 REDUCTION FOR EACH YEAR OF THE BIENNIAL BE ADOPTED. Motion carried unanimously.**

Mr. Brensdal spoke on DP-3 which is an increase in the tenant based program. They anticipate adding 300 tenants per year and will need additional FTE to manage the workload.

Motion/Vote: **SEN. TASH** moved that **DP-3 SECTION 8 TENANT-BASED PROGRAM BE ADOPTED. SEN. CRISMORE** seconded the motion. Motion carried unanimously.

{Tape : 1; Side : B; Approx. Time Counter : 58}

Motion/Vote: **SEN. NELSON** moved that **DP-19 SECTION 8 COMPUTER REPLACEMENTS DO PASS. SEN. CRISMORE** seconded the motion. Motion carried 6-0.

Motion/Vote: **SEN. CRISMORE** moved that **DP-51 SECTION 8 ADMINISTRATIVE COSTS BE ADOPTED. SEN. TASH** seconded the motion. Motion carried 6-0.

EXHIBIT (jnh35a06)

Mr. Younkin spoke on DP-52 per the exhibit. This DP is not in the LFD budget book. He suggested the committee can take a vote on the DP, and then pull it out when the server issues are addressed.

Motion/Vote: SEN. CRISMORE moved that DP-52 MBOH ADMINISTRATIVE COSTS (HB0576) BE ADOPTED. SEN. TASH seconded the motion. Motion carried 6-0.

REP. KAUFMANN asked if there are general funds in DP-18 and DP-52. Mr. Brensdal responded there are no general funds; all funds are federal.

{Tape : 1; Side : B; Approx. Time Counter : 147}

Building Codes Division

EXHIBIT(jnh35a07), EXHIBIT(jnh35a08), EXHIBIT(jnh35a09), and EXHIBIT(jnh35a10)

Mr. Jim Brown, Administrator, Building Codes Division gave an overview of the agency. There are currently 58 FTE authorized for the division. There are 36.5 of the inspector positions located outside of Helena. The building inspectors must be licenced.

{Tape : 1; Side : B; Approx. Time Counter : 280}

CHAIRMAN HAINES stated this is a very controversial area. He told of a personal experience of having a building inspector come to his home. The inspector arrived 2 hours late, came in and then walked right back out. CHAIRMAN HAINES asked if they do a follow up on the inspections to monitor exactly what their inspectors are doing. Mr. Brown explained most of the monitoring is done on the fees they are charging. He stated the inspectors are all certified and competent to do their job.

{Tape : 2; Side : A; Approx. Time Counter : 0}

CHAIRMAN HAINES stated he does not feel this is a cost effective program; rather, it is just another level of bureaucracy. He asked for statistics on inspections completed with code violations determined. Mr. Brown responded they would not have any statistics on that as they do not keep track of that information.

{Tape : 2; Side : A; Approx. Time Counter : 90}

CHAIRMAN HAINES stated he felt the Department should be required to submit a report to show the effectiveness of the inspection program. **Mr. Brown** stated they could implement a monitoring program and report on it. There was further discussion on the inspection program and its effectiveness.

{Tape : 2; Side : A; Approx. Time Counter : 150}

Mr. Brown explained the information on the Montana certified Cities/Counties alphabetical listing and map (exhibit 9 and 10) which geographically locates the various inspectors.

{Tape : 2; Side : A; Approx. Time Counter : 216}

Mr. Younkin stated there are five DP's and they are all state special. He spoke on DP-5 Vehicle Replacements and suggested the committee make this one time only if they pass it. **Mr. Brown** added he would like to clarify that instead of four pickups, there would be six. The department has stabilized their plan on purchasing vehicles. **CHAIRMAN HAINES** asked if they have a plan for fleet replacement. **Mr. Brown** stated they replace vehicles at 100,000 miles. **CHAIRMAN HAINES** recommended they put a more specific plan in place to estimate a certain amount each year.

{Tape : 2; Side : A; Approx. Time Counter : 292}

Motion: SEN. CRISMORE moved that DP-5 VEHICLE REPLACEMENT ONE-TIME-ONLY SUBJECT TO FLEET MANAGEMENT PROGRAM BE ADOPTED. SEN. TASH seconded the motion.

Discussion: The committee discussed the effects of removing the amount from the base and what type of language needs to be written to encourage a fleet management plan. Mr. Schmitz suggested the base remain in place and the language be used to take care of requesting a fleet management plan.

{Tape : 2; Side : A; Approx. Time Counter : 350}

Motion/Vote: SEN. TASH moved that DP-5 ONE-TIME-ONLY FOR \$45,118 FY 02 AND \$46,118 FY 03 WITH THE ADDITION OF LANGUAGE REQUIRING THE DEPARTMENT TO DEVELOP A FLEET MANAGEMENT PLAN BE ADOPTED. SEN. CRISMORE seconded the motion. Motion carried 6-0.

{Tape : 2; Side : A; Approx. Time Counter : 360}

Motion/Vote: SEN. CRISMORE moved that DP-10 INSPECTOR TRAVEL BE ADOPTED. SEN. TASH seconded the motion. Motion carried 6-0.

Mr. Younkin spoke on DP-25 Computer Replacements requesting to replace 15 personal computers. He recommended the DP be reduced by \$4,452.

{Tape : 2; Side : A; Approx. Time Counter : 405}

Motion/Vote: SEN. TASH moved that DP-25 COMPUTER REPLACEMENTS WITH THE REDUCTION OF \$4,452 BE ADOPTED. SEN. CRISMORE seconded the motion. Motion carried 6-0.

Mr. Younkin stated DP-31 Building Codes Education is a request for an increase in state special revenue for costs related to providing building codes education and training as mandated by HB245.

{Tape : 2; Side : A; Approx. Time Counter : 435}

Motion/Vote: REP. KAUFMANN moved that DP-31 BUILDING CODES EDUCATION BE ADOPTED. SEN. TASH seconded the motion. Motion carried 6-0.

Mr. Younkin explained DP-49 Building Codes Administrative Costs as an increase in state special revenue authority to fund increased rental charges resulting from the move to the Federal Building and to cover indirect cost such as a server replacement.

{Tape : 2; Side : B; Approx. Time Counter : 0}

There was discussion about the increase in rent when an agency moves off the Capitol campus.

{Tape : 2; Side : B; Approx. Time Counter : 18}

Motion/Vote: SEN. CRISMORE moved that DP-49 BUILDING CODES ADMINISTRATIVE COSTS BE ADOPTED. SEN. TASH seconded the motion. Motion carried 5-1 with Tropila voting no.

CHAIRMAN HAINES commented there are red flags in this division and they might study those concerns during the interim.

Consumer Affairs

{Tape : 2; Side : B; Approx. Time Counter : 50}

Mr. Younkin introduced the division which information can be found on C-236 of the LFD Budget Book.

EXHIBIT(jnh35a11)

Ms. Annie Bartos, Chief Legal Counsel, DOC, and oversees the Consumer Affairs Division, gave the division overview. The division has recovered almost \$1,000,000 for Montanans. The telemarketing unit was set up during the last legislative session. Since that time they have received 12,000 telephone call complaints, and 2500 written complaints. They have released public service announcements paid for by Consumer Affairs to alert consumers to scams that may be taking place.

SEN. HARRINGTON, SD 19, Butte, spoke in favor of the Consumer Affairs division, particularly the lemon law. He explained that due to the passage of 540, the division had funding for an arbitration panel. This gave Montanans an outlet for their problem cars. He feels this law is very important, and it has taken many years for this to evolve. The program is an outstanding program and he feels it should be funded by the State. The State Special was lost during the most recent election when the money from licence plates was lost. Now the program will need to have general funds.

{Tape : 3; Side : B; Approx. Time Counter : 0}

Ms. Bartos stated with the new telemarketing laws they have received over 700 complaints. The penalties are very difficult to collect. Instead of general funds they would like to offer a possible funding shift to be able to spend money from settlements.

SEN. NELSON asked if they feel they would be able to use money from the settlements. **REP. TROPILA** added he does not want them to lose this program if the court will not allow them to spend the settlement money in this manner. He suggested language be placed in HB 2 to provide funding if the court does not allow the spending of the settlement money.

{Tape : 3; Side : B; Approx. Time Counter : 325}

Motion/Vote: **REP. TROPILA** moved that **DP-11 TELEMARKETING FUNDING SHIFT AND DP-13 LEMON LAW FUNDING SHIFT ONE-TIME-ONLY AND RESTRICTED BE ADOPTED.** **SEN. NELSON** seconded the motion. Motion carried 6-0.

Motion/Vote: **SEN. CRISMORE** moved that **DP-56 CONSUMER AFFAIRS ADMINISTRATIVE COSTS BE ADOPTED.** **REP. KAUFMANN** seconded the motion. Motion carried 6-0.

Motion/Vote: SEN. CRISMORE moved that DP-791 CONSUMER SETTLEMENTS
BE ADOPTED. SEN. TASH seconded the motion. Motion carried 6-0.

CHAIRMAN HAINES adjourned the meeting.

ADJOURNMENT

Adjournment: 11:30 A.M.

REP. DICK HAINES, Chairman

SANDRA WHITAKER, Transcription
Secretary

DH/SW